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Some aspects of the  
railroad labor problem

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Some Aspects  
*of the*  
Railroad Labor Problem

308

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Box 112

By JOHN G. WALBER  
Executive Secretary of the  
BUREAU OF INFORMATION  
of the Eastern Railways

Address Before  
The Traffic Club of New York  
At Waldorf-Astoria Hotel  
New York City, May 26, 1922.

## Foreword

THE attitude of the Labor Organizations toward the decisions of the Railroad Labor Board with reference to adjustments in the scales of pay of railroad employees is being discussed in the public press at this time. This address supplies information which it is believed will be helpful to an understanding of the problem from the standpoint of the railroads.

The criticisms of the decisions of the Railroad Labor Board by the various Labor Organizations deal largely with a minimum living wage. These criticisms reflect the influence which various Cost of Living Budgets has upon the minds of railroad workers. Therefore, the discussion of these Budgets, which appears at page 26 of this paper, should be of assistance to an understanding of their relevancy.

The increases in wages which railroad employees have received since 1915, taking into consideration their reduced purchasing power, based upon the increased cost of living, are shown as follows:

Shop Crafts .....	page 24
Carmen .....	" 24
Signalmen .....	" 24
Stationary Engineers and Firemen....	" 25
Clerical forces .....	" 25
Platform labor .....	" 25
Section labor .....	" 25

Comparisons between the Rates of Pay of railroad workers and similar occupations in other industries are shown as follows:

Shop Crafts .....	page 19
Carmen .....	" 19
Section labor .....	" 20
Platform labor .....	" 20

New York, June 5, 1922.

*Address of John G. Walber, Executive Secretary, Bureau of Information of the Eastern Railways, Delivered at Monthly Meeting of the Traffic Club of New York at Waldorf-Astoria Hotel, New York, Evening of Friday, May 26, 1922.*

## SOME ASPECTS OF THE RAILROAD LABOR PROBLEM

IN view of the fact that the membership of the New York Traffic Club is composed of traffic representatives of railroads and of industries, it occurs to me that your entire membership will be interested in a recital of the labor and wage problem with which the railroads are confronted today, particularly in contrast with conditions in the past. Even in those days, now gone by, the labor problems with which we were dealing appeared to us at the time as being rather strenuous, but in retrospect, it must be admitted that those times now look like the "good old days."

I was connected with the traffic department for several years and since that time I have not been able to, and have not tried to, lose my interest in its operation. I recall with what sincerity we then looked upon the problems of the traffic department as the most acute of all; but in the light of the experience which I gained in the operating department, I must confess that I do not think you gentlemen can claim a monopoly of all grief.

Each Department thinks that its principal specialty is grief, but I can say from experience that this is a specialty of all Departments, the only difference being as to the kind. It was only during the period of Federal control that the Traffic Department acquired some of the kinds of grief to which the Operating Departments have almost become callous, but even in the Operating Departments the calloused spots became enlarged as additional labor organizations began to function.

### Organization of Clerical Forces

In the Traffic Department the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees is practically the

only labor organization which is encountered. In the Eastern Territory as late as 1917, such an organization existed on only six railroads; on four of these railroads agreements covered only clerical forces in the local freight offices and yards and on two railroads they also covered other station employees, such as laborers, crossing watchman, etc. In the course of the hearings before the United States Railroad Labor Board dealing with the so-called National Agreements, the representatives of that organization testified that in 1917 they had a membership of about 25,000. In the year 1921 they reported to the convention of the American Federation of Labor membership of 169,600. According to the latest figures of the Interstate Commerce Commission in January, 1922, there were in the railroad service of the United States, 223,156 clerks, stenographers, secretaries, etc., and 46,634 freight handlers, laborers in stations, etc., baggage parcel room and station attendants, which are the classes of employees which that Brotherhood claims to represent.

This, in a concise way, indicates the development of the organization of those classes of railroad employees which was made possible by Federal control of the railroads, and by the policy of the Railroad Administration of establishing wages and working conditions for all classes of employees through consultation with them which necessitated the selection of representatives by employees. It is obvious that with such large numbers of employees, it would have been impossible to carry out such a policy excepting through the recognition of selected representatives. The Brotherhood of Railroad Clerks as it was then known, although having a limited membership, was recognized as the representative of clerks. While they had not theretofore assumed to represent freight handlers, they obtained a charter from the American Federation of Labor which permitted them to include freight handlers, and they changed their name from the Brotherhood of Railroad Clerks to the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees. As shown by the number of agreements which had been in effect on the Eastern Railroads in 1917, it is apparent that the Brotherhood had to be created on many railroads and in doing this they had to utilize the services of employees who had

little or no experience in handling such matters. It is equally true that dealing with representatives of their forces was a new experience for practically all of the Departments Outside of the Operating Department.

Dealing collectively with the representatives of the employees in the engine and train service has extended over a great many years, and railroad officials with long experience in that direction recognize that experience on both sides of the question is extremely necessary for the successful handling of questions. This being true with reference to those long established organizations, it requires but little imagination to conceive of the possibilities for friction and misunderstandings through the introduction of processes with which both the representatives of the employees and of the managements were unfamiliar. This largely accounts for the differences and friction of which both the representatives of the employees and the managements complained during the period of Federal control and also since that time.

#### Interdepartmental Scope of Regulations

Another very important aspect of the situation lies in the fact that even on the railroads where the organization existed prior to Federal control, the classes of employees subject to their representation were of a very limited number and scope and practically confined to the local freight offices. Under the policy of the Railroad Administration the organization was permitted to represent all clerks, with the exception of a limited number who were designated as "Personal Office Forces." The intent of this exception was to exempt positions of a confidential nature, but that exception was responsible for a great many controversies and increases in the number of grievances. Chief Clerks and Private Secretaries in the principal offices were excepted, but in many cases their stenographers to whom they dictated, file clerks and others in the offices associated with those who held confidential positions were not included in the exceptions. The simple statement of this condition makes it obvious how impossible it has been to maintain anything resembling the confidentiality of the work performed.

#### Maintenance of Way Employees

I mention this class of employees first as it is

the class with which the Traffic representatives come more directly in contact, but what I have said in regard to the limited scope of the organization prior to Federal control applies equally to the Maintenance of Way Department which includes section forces and the Bridge & Building Department employees. In the Eastern Territory there were only four schedules or agreements in effect prior to Federal control: two of those schedules applied only to section foremen, work train foremen, etc., while the other two in addition to the foremen also included section men and Maintenance of Way employees, such as carpenters, masons, painters and similar classes. Due to the policy of the Railroad Administration, as mentioned, the United Brotherhood of Maintenance of Way Employees and Railway Shop Laborers came into being. Prior to Federal control there was an organization of Maintenance of Way forces, but its scope did not include all the classes which are included in the new organization. The statements I have made with reference to the experience of both the representatives of the employees and the managements in handling labor questions collectively apply also to the Maintenance of Way forces and resulted in many misunderstandings, which inexperience was largely responsible for the thousands of disputes which had to be sent to the Central Organization at Washington for adjustment.

### Telegraph Service

As to Telegraph Service, the Order of Railroad Telegraphers had been in existence for a great many years prior to Federal control, but notwithstanding that fact they had schedules on only thirty-six of the Eastern Railroads. On three of the Eastern Railroads schedules were in effect with other organizations representing this class of service; on two of them the former organizations were absorbed by the Order of Railroad Telegraphers, but on the third railroad, while plans had been made for the absorption of the existing organization by the Order of Railroad Telegraphers, the absorption had not been perfected, and, it might be stated, has not been perfected today.

### Shop Crafts

Notwithstanding that many of the so-called Shop Crafts organizations had been in existence

for years prior to Federal control, in the Eastern Territory, only twenty-three railroads had schedules with machinists; nineteen with boilermakers; thirteen with blacksmiths; eleven with sheetmetal workers; four with electrical workers and nineteen with carmen.

### Engine and Train Service

For the engine and train service organizations all the Eastern Railroads had schedules or agreements.

To the extent that organizations represented the classes of employees, the rates of pay and working conditions of the respective classes were fixed by negotiations between the managements and the representatives of the employees. On the other railroads, as adjustments were made in the wages for individual classes it was generally the policy and practice to make corresponding adjustments for the other classes.

### Wage and Rule Negotiations During Latter Part of Federal Control

The foregoing statements briefly outline the extent to which the railroad employees were organized prior to Federal control. The situation today is governed by decisions of the United States Railroad Labor Board, and as a result of the principles which that board has enunciated, there are very slight differences between the working conditions in effect today and those which resulted from the policy and practices of the Railroad Administration. You have heard and doubtless read a great deal about the so-called National Agreements. I will not burden you with any extensive discussion of that aspect of the situation. At the termination of Federal control, all the organizations presented a united demand that the Corporations should adopt those agreements. The Corporations refused to do this. At that time there were also pending demands for increases in pay applicable to every class of employees. The committee selected by the Corporations for meeting corresponding committee representing the employees, which joint committee was known as the Bi-Partisan Board, was unable to conclude any settlement, due to the enormous cost of the then pending demands, it being roughly estimated that they involved over one billion dollars per annum. Both of those

pending requests were submitted to the United States Railroad Labor Board, which conducted separate hearings upon the requests for the Increases and upon the changes in the Rules.

In the first hearing, no evidence was received concerning the propriety of continuing the rules and regulations which had been laid down by the Railroad Administration, the employees contenting themselves with the general request that the Labor Board adopt them, while the representatives of the managements took the position that they were not properly before the Board, for numerous reasons which were then set forth. You are familiar with Decision No. 2 of the Labor Board which they estimated would increase the pay rolls of the railroads upwards of Six Hundred Million Dollars, based upon the forces then employed. In that case, the Board did not fix definite rates for the different occupations, but adopted the course of granting increases of so many cents per hour for the different classes of employees, which in general produced from \$25.00 to \$30.00 per month. Having adopted that course, it became necessary for them to also adopt some basis for the application of the increases.

For that basis, they continued the wages established by the Railroad Administration and also provided for the continuation of the rules and working conditions established by the Railroad Administration, subject, however, to further hearings thereon. This course has been frequently criticized, but in that connection the differences in the conditions which affected not only the railroads but industries in general in the spring and summer of 1920 should not be lost sight of. All of you will recall the steadily increasing volume of business which the Country was experiencing at that time, which continued until November before a decline set in. You will also recall the so-called "Outlaw Strike" which took place in April, 1920, due to the ill-advised action of large bodies of railroad employees, particularly the yardmen. The reasons assigned for the strike were that the employees were exasperated over the failure to obtain action upon the requests for increases which had been pending before the Railroad Administration for many months, some of them dating back to the previous July. I was connected with the Central Railroad Administration during that time and I have also been associated

with every general wage movement which has taken place in the Eastern Territory since 1909, and I can say that at no time in the history of the Eastern Railroads have the managements been confronted with a situation similar to that which had to be handled by the Director General. The employees all recognized that Federal control would soon terminate. They realized that their opportunity for obtaining action upon requests for adjustments affecting all employees in the United States simultaneously would probably terminate with the end of Federal control, and that thereafter they would probably have to handle their negotiations by individual railroads.

Until August, 1919, it had been the declared policy of the Railroad Administration that no agreements with employees would be made; that all the regulations would be issued in the form of orders. The Shop Crafts' Organization broke down this policy and obtained the so-called "National Agreement," which was executed on September 20th and effective October 20, 1919. Thereafter, all the other classes of employees, except those in the engine and train service, insisted upon having National Agreements, and rules and regulations which had been under consideration between the representatives of the Railroad Administration and of the different organizations of employees, the conclusions of which it had been intended to issue in the form of orders, had to be promulgated in the form of National Agreements. These National Agreements were issued in the following Order:

	Effective
United Brotherhood of Maintenance of Way Employees & Railway Shop Laborers .....	Dec. 16, 1919
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.....	Jan. 1, 1920
International Brotherhood of Firemen and Oilers.....	Jan. 16, 1920
Brotherhood of Railroad Signalmen of America.....	Feb. 1, 1920
Negotiations with the Order of Railroad Telegraphers had also been pending for many months, but they had not been concluded at the end of Federal control.	

#### Changes Resulting from Decisions of Railroad Labor Board

All these so-called National Agreements have

been reviewed by the United States Railroad Labor Board after hearings extending over several months, commencing January 10, 1921. Under date of April 14, 1921, they rendered Decision No. 119 which terminated all these Agreements, effective July 1st, and called upon the individual railroads and their employees to negotiate new schedules of rules and working conditions. In Decision No. 119 they also incorporated 16 principles which were to serve as guides in the negotiation of the new rules. While Decision No. 119 definitely terminated those agreements, shortly thereafter the Board modified its decision and continued the former agreements in effect until new rules had been negotiated. The railroads attempted to negotiate new rules but the employees having had the favorable rules of the National Agreements for so long a time were unwilling to modify them in any appreciable degrees.

The results were that it was impossible to negotiate new rules on any of the important subjects and the disputes were thereupon filed with the Board. They have issued revised rules and working conditions applicable to all these classes, including the Order of Railroad Telegraphers, and Dispatchers. No National Agreements had been entered into for the two latter organizations, but they were subject to rules and regulations which had been adopted by the Railroad Administration. The principal relief which the railroads have obtained from these revised rules is in the elimination of punitive overtime rates for Sunday and holiday service required to be performed regularly. This eliminates from the time and one-half provision such forces as those in the engine terminals, car inspectors, signalmen and similar forces who are required for the current or regular operation of the train service. Other rules were also modified, but they are comparatively unimportant.

A carefully prepared estimate by the majority of the Eastern Railroads, indicates that the changes in the Shop Craft rules results in a saving of approximately 4.4%.

For the Maintenance of Way employees the principal change was also in the overtime provision which permits of paying pro-rata overtime for the ninth and tenth hours of service with time and one-half thereafter. This will be es-

pecially advantageous during the season of the year when it is necessary to do most of the work on the track, such as renewing ties, ballast and rail, practically none of this work being done during the Winter season. It will also be recognized that in those classes of work it is almost impossible to use the men on eight hour shifts as two shifts or sixteen hours' employment would run them into periods of darkness. The two hours additional time at pro-rata rates also produces reduction in the proportion of the time that the men are not actually engaged in working, such as going to and from the points of work, and also decreases the proportion of the working day which is lost through the interference by train service, etc. In this Department it is estimated that the saving in the rules would amount to about .7%.

For the Clerical forces the revised rules permit of paying the first hour of overtime at pro-rata rates, thereafter at the rate of time and one-half. For those classes the saving in the rules it was estimated would amount to about .5%.

For the Stationary Engineers, Firemen and Oilers the changes provide for the payment of pro-rata rates for the ninth and tenth hours which it is estimated will produce a saving of approximately 2.2%.

For the Signal Department employees they also provide for overtime at pro-rata rates for the ninth and tenth hours and for the payment for regular work performed on Sunday at the pro-rata rate instead of at the rate of time and one-half, as provided by the National Agreement. These changes it is estimated will produce a reduction of approximately 1.2%.

For the Dispatchers the rules of the Railroad Administration did not provide any overtime. Under the rules of the Labor Board they will receive overtime at pro-rata rates for the ninth hour. These men are subject to the Federal Hours of Service Law which restricts them to nine hours service per day and consequently there is very little overtime, due to the nature of their work.

These percentages were based upon the experience for one month, but it is very doubtful whether the savings in the rules made by the Labor Board will produce financial savings to exceed 1.5%.

While the railroads are relieved financially to

the extent indicated by these changes in the rules, they are still confronted with at least equally stringent regulations as resulted from the rules of the National Agreements, with reference to the rights of organizations to represent employees. Under the principles enunciated by the Labor Board the majority of any craft or class have the right to represent such craft or class and to make agreements therefor. It has been found extremely difficult to apply this principle. I assume you are all familiar with the situation which developed on the Pennsylvania Railroad, which, as you all know, extends from Cape Charles, Va., to the Mackinaw Straits, and from New York to Chicago and St. Louis, with branches extending into remote portions of the different states traversed, and encounters every kind of commercial conditions in the Eastern Territory and every kind of condition from the operating standpoint.

According to the principle of the Labor Board, this system must be treated as a unit whether the Maintenance of Way, Shop Crafts, Signal Department or Clerical employees are concerned, and, in the case of the latter class, whether they are employed in the yards, local freight offices, traffic offices, division freight or passenger offices, or in the general offices. I believe all of you, certainly the railroad traffic representatives, are familiar with the differences in the character of work and personnel of the general office forces as compared with the outlying office forces. On practically all railroads the clerks in the outlying offices outnumber those in the general offices, but notwithstanding there are large numbers in the general offices, under the principles announced by the Labor Board they would have to accept representation of their interests by those who were selected by the majority, who, in the main, come from the outside forces.

In many of the general offices, 100% of the clerks are not members of the organization, and it is the exception to have 25% of those forces members of the organization, yet due to the principles of the Labor Board as mentioned, the wishes of those large bodies of forces have to be disregarded. An examination of a number of agreements which were entered into by the clerks' organization after the end of Federal control demonstrates that they exempted therefrom entire departments, which plainly indicates that they

recognized that they did not represent such employees, but since the principles referred to were enunciated by the Labor Board, the organization is persisting in its right to represent all such classes where they have a majority in all departments on a railroad. This is the situation as it exists today, but on a number of railroads the clerks themselves are resenting it and in such circumstances it cannot reasonably be expected that they will be content to be represented by an organization which they do not desire. I mention this situation particularly as you gentlemen come in contact with it more directly than you do with the other classes of employees, but I think you will readily realize that where the situation exists in the Department with which you are familiar, it has a similar effect in other Departments.

#### Methods of Handling Controversies

I shall not attempt to enter into details of these various agreements and the rules and practices in force during the Railroad Administration, such as the handling of appeals through Boards of Adjustment which had been created by the Railroad Administration. These Boards consisted of equal representation of the organizations and the managements. These conditions are in the past and the decisions which they rendered are no longer binding upon the Railroad Labor Board, that Board having taken the position that even though it may have adopted rules which appeared in the so-called National Agreements, it reserves the right to place its own constructions thereon, and not those which had been previously made.

I believe that previous statements will enable you to have at least a general idea of the conditions which confront the railroads today with reference to rules and working conditions, but it is also necessary that you have some understanding of the methods to be followed in the conduct of the relations between the managements and the representatives of the employees. Each of the rules laid down by the Labor Board is an opportunity for differences of opinion. The employee may feel that he has a grievance, whereupon he presents it to his immediate superior; if not adjusted to his satisfaction, he appeals to the next higher officer, and so on up the line until he

reaches the head of the immediate department. If he still feels dissatisfied he appeals to his organization. He has also the right if he so desires, to be represented by his so-called "Duly accredited representatives" even in handling the initial grievance.

These so-called "Duly accredited representatives" rarely stop short of appealing to the higher officers. If they are still dissatisfied they have the right to appeal to the Railroad Labor Board. The appeals to the Labor Board may be made either jointly between the managements and the representatives of the employees, or they may be made by either party separately. If made separately, the Labor Board calls upon the other party to file an answer within twenty days. Under the Transportation Act all classes of employees appealing to the Labor Board have the right to a hearing. In the more important cases the entire Board attends the hearings, but in those of lesser importance the Board has arranged for examiners to conduct them. These examiners represent Bureaus which the Labor Board has created for handling grievances affecting different classes of employees. The Labor Board has divided the different classes of employees into three groups, represented by as many Bureaus, upon which they have placed one member of each of the classes represented upon the Board, namely the Public, Managerial and Labor Representatives.

Bureau No. 1 includes supervisory forces, clerical and other yard employees; telegraphers; levermen, etc., and certain miscellaneous groups such as assistant engineers, draftsmen, traveling agents, traffic employees, employees in outside agencies, etc.

Bureau No. 2 includes maintenance of way and unskilled laborers, including crossing watchmen, drawbridge operators, etc., shop forces, also signalmen and supervisory forces of those groups.

Bureau No. 3 includes engine and train service employees and floating equipment employees.

In submitting disputes to the Labor Board, complete written statements are generally made, but notwithstanding this, if either party to the controversy desires an oral hearing it is granted. These oral hearings have resulted in the railroad representatives spending a great deal of time before the Bureaus, and our observations have been that in the vast majority of the cases very little in-

formation is developed beyond what is shown in the written submissions. Stenographic records of these hearings are held, which in itself constitutes a very considerable expense to the Government. The practice of conducting these oral hearings, in addition to creating an unnecessary expense for both the Government and the representatives of both sides, actually results in delaying decisions. I have no hesitancy in saying that in the vast majority of the cases heard by the Bureau the written presentations contain all the essential facts and decisions could very properly be rendered without delay. However, the Labor Board appears to be powerless in view of the provisions of the Transportation Act that where either party so desires, hearings shall be granted.

The point that I would make in commenting upon this situation is to bring out—first: the provisions for appeals unquestionably increase the opportunities for disagreements between the managing officers and their employees, as it is only human nature to take advantage of opportunities for appeals in the hope that favorable decisions may be obtained; second: the methods of appeals are so cumbersome that they take up a great deal of the time of the officials in meeting representatives of the employees and also result in the employees incurring excessive expenses for the services of their representatives; third: they actually result in delays in reaching decisions and so long as such avenues are open there is encouragement for either the managements or the representatives of the employees to lightly consider the complaints, as both feel that in the event any decision that they make is not satisfactory to the other party, appeals will be made from one official to another and finally to the Labor Board.

#### Procedures Necessary to Effect Change in Wage Scales or Rules

The situation which I have described with reference to the handling of individual cases, it will be apparent, is greatly magnified when the railroads are confronted with such movements as culminated in the recent hearings before the Labor Board concerning reductions in the existing scales of pay. Section 301 of the Transportation Act provides that every effort must be made for all differences to be adjusted between conferences

of the managements and representatives of the employees.

Under the rules laid down by the Labor Board, where changes are desired in either scales of wages or working conditions, it is necessary for the party desiring the change to serve a 30 day notice upon the other, in which notice must be embodied the items intended to be changed. When such conferences result in disagreements appeals are made to the Labor Board. When cases which involve changes in wages are considered by the Labor Board, Section 307 prescribes certain criteria which the Labor Board must take into consideration in the determination of the justness and reasonableness of wages and working conditions. Among other things that section provides: "In determining the justness and reasonableness of such wages and salaries or working conditions the Board shall, so far as applicable, take into consideration among other relevant circumstances:

- (1) The scales of wages paid for similar kinds of work in other industries.
- (2) The relation between wages and the cost of living.
- (3) The hazards of the employment.
- (4) The training and skill required.
- (5) The degree of responsibility.
- (6) The character and regularity of the employment; and
- (7) Inequalities of increases in wages or of treatment, the result of previous wage orders or adjustments."

In the recent hearings the representatives of certain classes of employees contended that all these elements must be discussed in the conferences between the managements and the representatives of the employees, that wherever that had not been done, adequate conferences had not been held, and demanded that the Labor Board should remand those cases back for further negotiations. The Managements insisted that the elements mentioned appear only in Section 307, which deals with the duties of the Labor Board and were not applicable to the conferences provided for in Section 301. The Labor Board has not made any declaration in this respect, but it will be apparent that when the railroads attempt to bring about reductions in the wages they must be in position to submit evidence upon the elements which the Labor Board must consider.

#### Comparisons with Wage Scales in Other Industries

In order to supply information required by element No. 1, viz.: "The scales of wages paid for similar kinds of work in other industries," it is necessary that the railroads have the cordial co-operation of all employers contiguous to their properties. When the Eastern Railroads began the recent movement, forms and instructions were prepared for the individual railroads to obtain data showing the rates paid in the industries. The practices of the industries are very different from those upon the railroads; titles and designations of positions are not the same; industries generally are not affected by the restrictions upon the classes of work which the different classes of employees upon the railroads are permitted to perform, and the collection of this information was indeed very complicated and required very careful studies of the conditions in the industries. Many industries cordially co-operated, but I regret to say quite a number were very indifferent.

This is a phase of the situation which I desire to impress upon the representatives of the industries who are present. The Act places the responsibility upon the Labor Board of considering the rates paid in outside industries, and unless the railroads are in position to obtain this information from the industries the Labor Board will be compelled to use the only information available, which is that collected by the Department of Labor at Washington. There is no secret that the figures issued by the Department of Labor cover only union scales of pay; consequently unless the industries cordially co-operate, the railroads will not be able to present to the Labor Board the rates paid by all industries. As a result of the inquiries which were made in the Eastern Territory, it was found that approximately 12% of the employees had their wages fixed through collective representation.

This includes both union employees and those where shop committees and other similar methods of representation were followed. As is well known, the American Federation of Labor does not claim to have more than four million members. According to the last Census there were over forty-one million wage earners in the United States. Of this forty-one million, approximately ten million consisted of merchants, farmers, doc-

tors and others who might be considered both employees and employers. This would leave approximately thirty-one million wage earners of all classes. The membership of the Federation of Labor consists of wage earners of all classes; and from a purely mathematical standpoint it would appear that the four million members of the American Federation of Labor could be related to the thirty-one million wage earners. Furthermore, the Census figures show that approximately thirteen million persons are employed in manufacturing and mechanical industries. A liberal analysis of the American Federation of Labor membership indicates that approximately two million seven hundred thousand fall in that category. From such information as is obtainable, it is not possible to ascertain the division between railroad and industrial service of the machinists, boilermakers, blacksmiths, sheet metal workers, electricians and moulders. The 2,700,000 figure therefore includes the railroad membership. I recognize that the full effect of this membership cannot be considered statistically.

Much of their effectiveness is due to the strategic position in which their membership lies. I merely mention these figures in order to bring out the extreme importance of the cordial assistance from the industries in supplying information to the railroads if the Labor Board is to be placed in position to consider the wages paid all employees and not only those who are unionized. In the recent case before the Labor Board, several of the Labor Organizations took the outright position that the Labor Board should only consider the scales of pay of employees who are represented by the unions, their position being that otherwise the employees are at the mercy of the employers and wages so fixed cannot be considered as just and reasonable.

You are familiar with the large proportion of the manufacturing and mechanical industries of the United States which are located in the Eastern Territory. You are also familiar with the fact that these industries are not all located in the large centers; that there is a very large proportion in the smaller towns. Similarly the railroad employees do not all live in the large centers. The largest membership in the unions lies in the large centers, and it is essential in order that the Labor Board may be in possession of the

rates paid for similar kinds of work in other industries, that the widest range of territory be covered, so that employments in the industries which are similar to those which affect the railroads should be included in the data. The industries are vitally interested in the effect which railroad wages have upon the wages which they must pay, and if they withhold information which would make it impossible for the railroads to acquaint the Labor Board with the true situation, a re-action upon their own interests could not be avoided.

The investigations conducted for obtaining information which could be presented to the United States Railroad Labor Board as to the rates paid in outside industries showed greatly diversified conditions throughout the Eastern Territory, and that there was nothing in existence in the industrial situation which would compare with the uniformity which prevails upon the railroads. Due to these diversified conditions, and in order that the most direct comparisons possible could be made with the railroad situation, we converted all the rates collected into weighted averages for the several classes of employees, and I believe you will be interested in the principal comparisons. The decisions of the Labor Board produced rates as follows:

Shop Crafts: Machinists, Boilermakers, Blacksmiths, Sheet Metal Workers and Electricians, basic rate 77c. The investigation covering industries showed they were paying rates as follows:

	No. of men	Average rate
Blacksmiths .....	3,294	55.3c
Boilermakers .....	2,686	58.1
Electrical Workers "A" .....	4,438	58.8
Electrical Workers "B" .....	1,037	47.0
Machinists .....	45,942	57.5
Sheet Metal Workers .....	6,111	57.7

It is rather difficult to find occupations in outside industries which were directly comparable with all the classes of work performed by Carmen and Car Inspectors. However, on the railroads, the term "Carmen" includes skilled men such as Coach Carpenters, who correspond closely with Cabinet Makers in the industries; letterers, strippers and upholsterers. The passenger car men receive 77c on the railroads, while the average

rate in the outside industries was 57.6c. For freight car men, which also includes wood workers, planer operators, etc., the rate on the railroads is 72c, while the average rate in the industries was found to be 57c.

There are no occupations in the industries which correspond directly with section labor; also, on the railroads the rates fixed for roundhouse laborers are directly related to the rates paid for section labor, the rates for roundhouse labor being 3c above those paid for section labor. Section labor on the Eastern Railroads averaged, for 1921, 39.8c per hour, while labor engaged in engine terminals average 42.3c. The investigation as to the rates paid similar labor in the industries showed that 36,865 received an average rate of 30c; 25,856 received an average rate of 33.1c; 29,013 an average rate of 37.2c.

For sealers, scalers, fruit and perishable inspectors, stowers or stevedores, callers or loaders, locaters and coopers, the present Eastern railroad average rate is 51.81c per hour, while the information secured from outside industries shows that similar occupations in such industries received an average rate of 36.5c per hour. For freight handlers or truckers at the stations, platforms, docks, piers, storerooms and stock rooms the present Eastern railroad average rate is 49.95c per hour, while the outside industries are paying similar employees an average rate of 38.6c per hour.

For the clerical forces it will be readily apparent that it is extremely difficult to make comparisons between the railroad and industrial service, as in both services there are very pronounced differences in the character of the work and the scales of pay. Therefore that situation had to be treated along general lines, and any adjustments in their wages have to be related primarily to adjustments in the wages of other classes of railroad employees, they having been so treated in wage adjustments during the last four years.

In addition to the engine and train service we also have in the railroad service other classes which have no counterparts in the industrial situation, such as employees in the Signal and Telegraph Departments. For these classes it was also found impossible to make direct comparisons between the railroad wage scales and the scales in the industries.

#### Railroad Wages: Conditions Affecting Comparisons with Past Years

The diversified conditions under which the service of the railroad employees is performed, a great deal of the employment being directly influenced by train service, make it impossible to control and limit the hours of service as can be done in the industries where the output is largely dependent upon man hours and it is immaterial whether the number of hours are produced by extending the limits of the day or by reducing those limits and increasing the number of men. Because of these conditions, there have been many conflicting statements as to the wages of railroad employees. It is only natural that there should be such differences in view of the very nature of the subject-matter, but, in addition, further differences have grown out of the changes which have taken place since 1914 in the manner of keeping the records and rendering reports to the Interstate Commerce Commission. These changes affected not only the forms for compiling the information but also the classifications of employees. Prior to July 1, 1914, and going back to the beginning of the Interstate Commerce Commission reports, the railroads were only required to render reports covering eighteen general groupings or classifications of railroad employees. Also the number of employees were only required to be reported as of the last day of June of each year. It will be recognized that such a count of the employees could not be indicative of the average number in service during the entire year. In addition, the classifications were not definite and the instructions concerning the forms left each railroad free to exercise its discretion as to the employees to be included in most of the classes. The blanks of the Interstate Commerce Commission contained the notation that the number of employees shown was not to be used in calculating the average wages. It has always been recognized by the railroads that due to those indefinite conditions the figures had no practical value as showing the real wages of railroad employees, and particularly for such a definite purpose as forming a basis for wage adjustments. Effective July 1, 1914, fifty additional classes were provided for, making a total of sixty-eight, and changes were also made in the method of count-

ing the employees. With the exception of a short period immediately following July 1, 1914, since that date and up to July, 1921, the employees were counted four times during the year, so that the average number of employees was somewhat more reliable than prior to July 1, 1914, but still not sufficiently accurate for establishing a basis for the adjustment of wages. Those instructions also provided for certain general groupings of railroad employees, including varieties of occupations which are now placed in separate classifications. Furthermore, prior to Federal control of the railroads there were a great many different rates for similar occupations; also there was little uniformity in the hours constituting a day and the basis for the payment of overtime. These variations in the basic day made it impossible to make comparison between the pay for straight time and for overtime, but due to the standardization of the working day through the actions of the Railroad Administration it is now possible to make comparisons between the straight time and overtime hours and also the pay therefor. Many of the estimates of the wages of the railroad employees have been made by persons who are not acquainted with these features of the wage reports; in fact, even if they had been familiar with them, it is very doubtful whether any formulæ could have been devised which could have made allowances for these variable conditions. All kinds of averages have been calculated from the reports and naturally the results varied according to the different processes used. At no time has it been found possible to definitely show from the Interstate Commerce Commission reports the effect of the reclassifications of the various railroad employees in effect at the present time as compared with those in effect prior to July 1, 1921, or those in effect prior to July 1, 1914.

#### Increases in Railroad Wages Compared with Changes in Cost of Living

Recognizing this situation, immediately upon the termination of Federal control, the Eastern Railroads set about to compile data which would demonstrate the effect of all the changes which had been made through reclassifications, hours of service and similar conditions affecting pay.

The railroads were called upon to apply the present classifications to the employees in the service in October, 1915; October, 1917, and March, 1920 (the first month after the end of Federal control), and compile reports showing the number of men affected, their actual wages, actual straight time, actual overtime, total time, actual pay for straight time and overtime and total time in each of the periods. Those reports were then compiled, but owing to the great number of reports to be handled, it was found necessary to confine the compilation to certain railroads which would typify the diversified commercial and operating conditions in the Eastern Territory. Twelve railroads were selected as meeting this requirement. The pay rolls of those twelve railroads incidentally represent upwards of 55% of the pay rolls of all the roads in the Eastern Territory, so that there can be no question that their figures are fairly representative of all the railroads in the Eastern Territory. I will not attempt to recite the increases which each class of employees has enjoyed, but in order that you may see what has happened to the wage structure of the Eastern Railroads since 1915, I will make a few comparisons. In that connection I might explain that it was in 1913 that the Department of Labor began using its weighted figures for arriving at the index numbers which are in common use, showing changes in the cost of living. Prior to that time they only used retail prices. Therefore, it is not possible to make direct comparisons with any cost of living figures prior to 1913. I have previously explained the changes in the forms for reporting wage data to the Interstate Commerce Commission, effective July 1, 1914, so that it is also obvious that the railroad wage statistics prior to that date are not available for purposes of comparison. While there were some increases in the wage scales of the railroads between 1913 and 1915 they did not exceed 5% on the average, so that for purposes of comparison the Eastern Railroads are treating the wages in October, 1915, as having been in effect in 1914, giving the employees the benefit of the difference.

As much stress had been laid upon the reduced purchasing power of the dollar, we prepared tables to show the equivalents of the present wages in the reduced dollars based upon the Cost of Living Indices of the National Industrial Conference

Board and the Department of Labor. Those tables show—

For the Shop Crafts in 1914, the average wage for machinists, boilermakers, blacksmiths, sheet-metal workers, electrical workers and moulders was \$78.75, while in February, 1922, it was \$184.01, an increase of 134%. Converting these earnings into equivalents in purchasing power, according to the National Industrial Conference Board figures, the wages increased from \$78.75 in July, 1914, to \$116.00 in February, 1922, which indicates that these employees were 47% better off in February, 1922, than they were in July, 1914. A similar table based on the Department of Labor figures indicates that in December, 1921 (figures for February, 1922, not being available), these classes of employees were 35% better off than in July, 1914. The difference between the Department of Labor and the National Industrial Conference Board figures is due to the National Industrial Conference Board using 1914 as a base, while the Department of Labor figures are based on 1913, being 100%.

For the Carmen—the average wage in July, 1914, was \$62.84, while in February, 1922, it was \$180.36, an increase of 187%. Based on the National Industrial Conference Board figures, their buying power in dollars increased from \$63.00 to \$114.00, which indicates that these Carmen were 81% better off in February, 1922, than in July, 1914. Based upon the Department of Labor figures for December, 1921, the employees were 65% better off than in July, 1914.

Signal Gang Foremen in July, 1914, received an average of \$82.90 per month, which increased to \$205.72 in February, 1922, or 148.2%; based upon the figures of the National Industrial Conference Board, these employees are 57.1% better off than in 1914; on the basis of the Department of Labor figures, they are 44% better off now than in 1914. For Signalmen and Maintainers the average wage in July, 1914, was \$71.20, which was increased to \$181.05 in February, 1922, or 154.3%. Based on the National Industrial Conference Board figures, these employees are 61.1% better off in February, 1922, and on the Department of Labor figures 47.8% better off in December, 1921, than in 1914.

For Assistant Signalmen and Maintainers the average wage in July, 1914, was \$60.40, which in-

creased to \$137.47 in February, 1922, or 127.6%. Based on the National Industrial Conference Board figures these employees were 43% better off in February, 1922, than in July, 1914, and on the Department of Labor figures, 32% better off in December, 1921, than in July, 1914.

For the Stationary Engineers and Firemen: The average wage of Stationary Engineers in July, 1914, was \$77.37, which was increased to \$158.42 in February, 1922, or 104.8%. Based on the National Industrial Conference Board figures, they were 29.6% better off in February, 1922; and according to the Department of Labor figures, 18.9% better off in December, 1921, than in 1914. The average wage of Stationary Firemen in July, 1914, was \$63.21, which was increased to \$136.26 in February, 1922, or 115.6%. According to the National Industrial Conference Board figures, they were 36.3% better off in February, 1922, than in July, 1914; and according to the Department of Labor figures, they were 25.2% better off in December, 1921, than in 1914.

Similar statistics were not compiled for section labor, but the statements show an average monthly wage in October, 1915, of \$44.17, while at present it is \$98.88, an increase of 123.9%. Also similar statistics were not compiled for the clerks, due to the varieties of the positions, but the changes which affected them will also be of interest. Supervisory clerks, all departments, received an average monthly wage in October, 1915, of \$117.42, which was increased to \$193.79, or 65%. Clerks other than supervisory received an average monthly wage in October, 1915, of \$64.85, which was increased to \$129.00, or 99%. Miscellaneous classes of station, storehouse and warehouse employees, which include warehouse watchmen, freight truckers, stowers and others, received an average wage in October, 1915, of \$51.72, which was increased to \$119.78, or 131.6%. As previously stated, the cost of living index number of the Department of Labor in December, 1921, was 74.3% over 1913.

These comparisons clearly demonstrate that all of these classes of railroad employees are in very much better financial condition today than they were in 1914, even after making allowances for the reduced purchasing power of money.

# Cost of Living, Budgets, etc.

In connection with the provisions of Section 307 which require that the Labor Board in fixing just and reasonable wages shall take into consideration "The relation between wages and the cost of living" the railroads have had some very interesting experiences in the hearings before the Labor Board. The attitude of all the classes of employees with reference to this element is not the same. Ever since the Arbitration of 1912, affecting the locomotive engineers upon the Eastern Railroads, the Chief Executive of that Brotherhood has taken the position that the cost of living is an individual matter, that it largely depends upon the tastes and inclinations of the individual families, and that from the very nature of the problem it is not one which can be dealt with on a standardized or uniform basis. The other organizations do not subscribe to this view. During the period of Federal control of the railroads, commencing with the hearings before the Lane Commission, practically every organization stressed the rapidly increasing living costs and referred to the tables published by the United States Department of Labor. Later, the different organizations began to use the so-called "minimum living wage" budgets, some of which have been based upon a "subsistence level" and others on a "minimum comfort level." Quite a number of these budgets have been attempted by economists, social workers and by research bureaus, and also the United States Department of Labor Statistics. A study of these various budgets by a recognized economist shows that practically all of them have been patterned after the investigations made by the Bureau of Labor Statistics of the United States Department of Labor in 1901. In the 1901 investigation, data on 25,440 families were obtained. The investigation was limited to families of wage earners and all persons not exceeding \$1,200.00 per year. Its results appear in the annual report of the Commissioner of Labor for 1913. In those families there were found 124,108 persons. In the 25,440 families there were 3,992, or about 16%, which had no children. Of the 59,717 children under 21 years of age listed in the remaining families 7,544 were over 16 years of age and at work and 50,231 was the number of children under 16; of these 1,591 were at work. Of the total number of children

under 21 about 12.7% were at work, 10% being over 16 and 2.7% being under. The children at work were found in 5,674 families. The average number of children under 16 per family investigated was two. Of the 124,108 persons found in the 25,440 families about 9% were boarders or lodgers. The family expenses were increased by their presence, while likewise their payments increased the family income. The percentages of total income received from different sources for the 25,440 families were:

From husbands .....	79.49%
" wives .....	1.47
" children .....	9.49
" boarders and lodgers .....	7.78
" other sources .....	1.77

In addition to the results based on the 25,440 families of wage earners a compilation was made from 11,156 families selected as "normal." According to the definition used a "normal" family had to meet the following conditions: husband at work; a wife; not more than five children and none over fourteen years of age; no dependent boarder, lodger or servant. The cost of living included expenditures for rent, fuel, lighting, food, clothing and sundries. The composition of these "normal" families was 44,178, or 3.96 persons per family, as contrasted with 4.88 persons in the 25,440 families. The number of children in the 11,156 families was 21,550, or about 1.9 per family investigated. There were no children in 19.1% of the families, but one child in 23.1%, and but two children in 24.2%. In 17.7% of the families (1,973 families) there were three children, and in 15.9% there were four to five children.

The result of the foregoing investigation indicates that out of 25,440 families of wage earners investigated in 1901, in thirty-three states, but 1,973 families, or about 8%, were found to meet the requirements of the usually assumed "typical" American family of five persons, consisting of man, wife and three dependent children.

The results of the 1918 investigation of the Bureau of Labor Statistics, which covered 12,096 white families in ninety-three industrial centers, are equally conclusive in disproving the assumption that the typical, or representative, or average American workman's family consists of himself, his wife and three dependent children.

It is important to point out that this investigation, by the limits restricting the type of wage earners' families studied, excluded from consideration a large proportion of the wage earners' families in the localities from which the statistics were gathered, who did not come within the arbitrary limits imposed. Thus the results cannot be considered as applicable to the whole wage earning class of families at that time. Some effects of such limitations are set forth in the "Monthly Labor Review" for December, 1919, page 30, as follows:

"No families were scheduled in which there were children who lived as boarders, that is, paid a certain sum per week or per month for board and spent the remainder of their earnings or salaries as they saw fit. No families were scheduled which kept any boarders. The number of lodgers to be kept by a family was limited to three at any one time. No families were scheduled in which the total earnings of the family did not equal 75% or more of the total income. It will be seen that these limitations excluded a large number of families and this materially affects the percentage of families having earnings from children and income from lodgers, and also results in showing a larger percentage of the total income as coming from the earnings of the husband than would be the case if the type of families named had not been excluded from the study. It also reduces the actual amount per family earned by children and received from boarders or lodgers that would be shown in case a cross section of a community including all the types mentioned were used. The object in making the exclusions named was to secure families dependent for support, as largely as possible, upon the earnings of the husband. Of course, it was impracticable to secure a sufficient number of families in which the only source of income was the earnings of the husband, but in following the course named the percentage of families having an income from other sources has been largely reduced."

In addition to the foregoing limitations may be mentioned "The family must have as a minimum a husband and wife and at least one child who is not a boarder or lodger." ("Monthly Labor Review," May, 1919, p. 147.)

Of the 12,096 white families, 2,252 families, or

18.6% had income from the earnings of children, and 5.1% kept lodgers. Of the total average income of \$1,513.29, 89.2% came from the earnings of the husband, 5.9% came from the earnings of the children, and 4.9% from other sources. ("Monthly Labor Review," December, 1919, pp. 32, 35, 40, 41.) The published figures furnish no basis for finding the exact proportion of these who were dependent children. That it was less than three to a family, however, is clearly shown from the following considerations. There were 2,252 families in which the earnings of children went to the family support. In 619 families there were lodgers, and in 83 families dependents other than children. The number of working children and of lodgers and adult dependents would obviously materially reduce the average of 2.9 persons left in the average family, after deduction of the husband and wife.

Notwithstanding the foregoing limitations, which excluded a considerable proportion of the families of wage earners, for instance, families which had no children and those who had children who merely paid board, the results of even this investigation, which was so limited as to give an undue emphasis to families having but one wage earner and one or more dependent children, tend to disprove the typicality of the assumed American workman's family of man, wife and three dependent children where the wages of the man are the sole means of support.

It might be added that the evidence afforded by the two investigations referred to is corroborated by the evidence of numerous local investigations which have been made from time to time in the United States, but notwithstanding this evidence that the so-called "normal" or average family of five is not typical of the families of wage earners, a great deal of written and oral evidence has been submitted by the representatives of the employees in each of the hearings before the United States Railroad Labor Board, commencing with those resulting in the increase granted in July 1920, the decreases effective July 1, 1921, and the recent hearing.

According to the United States Census for 1920, there were 24,351,676 families in a population of 105,710,620. This gives 4.4 persons to a family, and not five. The Census also showed that there were about 35,000,000 dependent children under

16 years of age. This makes an average of 1.4 dependent children to a family as contrasted with the three dependent children used in the so-called "standard family" for budget purposes. The Census also shows that there were 33,059,793 male workers, indicating that there were 1.36 male workers per family. Applying these figures to the railroad industry would produce the following situation:

For the last six months of 1921 there was an average of about 1,700,000 male workers in the service of the railroads. Applying to the railroad male workers the census ratio of male workers to families would produce 1,250,000 families. Allowing 1.4 children per family would produce 1,750,000 children, or 5% of the children of the United States under 16 years of age. However, applying to the number of families of railroad workers the average number of children which is used in the so-called budgets would produce 3,750,000 children or 17% of the children of the United States. This clearly shows the fallacy of attempting to arrive at wage rates through a literal application of budgetary studies which on their face show that they were specialized and were interesting only from a general, sociological standpoint.

In addition to the fallacy of such uses of budgetary figures which are based upon the so-called "normal" family of five persons including the wage earner, it must not be overlooked that the railroad employees insist upon standard or uniform rates of pay for all persons performing the same kinds of work. These rates would have to be applied whether the worker was married and had ten or any other number of children, or whether he was single. The conflict between standardized wages and wages based upon theoretical budgetary studies is irreconcilable. They are utterly opposed to each other. In other countries where recognition has been given to minimum living wage budgets attempts have been made to fix standard wages, but the difference between such standard wages and the amounts required under the minimum budgets has been taken care of by bonus payments from public funds. These bonus payments have been graded according to the size of the families. It requires no imagination to understand the objections which would be made to such methods by organized

labor, who so strongly advocate standardized or uniform rates of pay.

I have dwelt at length upon this phase of the problem which confronts the railroads, as I am strongly of the opinion, based upon our own experience and the efforts which have been made in various proceedings to obtain recognition of the principle of the so-called "living wage," that all employers must give the most serious consideration to this subject. You are doubtless aware that there is a bill pending in the Senate, known as the "Kenyon Bill," which is intended to regulate the labor problem of the coal mining industries along the same lines which the Transportation Act applies to the railroad situation, but in addition contains definite provision for the recognition of the principle of the so-called "Living Wage" in the fixing of wages. If that bill were adopted as it now reads, I venture the opinion that instead of offering a solution of the difficulty it would only establish a starting point for more complications than exist today. Many volumes have been written upon this subject and while the investigations themselves contain the best possible proof of their limitations and their inadequacies for definite and precise applications, they are being used in most definite and precise ways, indicating that there are very general misunderstandings as to their relevancy. Viewing the situation from the railroad standpoint, if any of these budgetary figures were to be used in establishing the basic rates for the several classes of employees, it would increase the railroad pay-rolls enormously. A definite figure cannot be made, as the budgets themselves show pronounced differences in their totals, depending upon the communities and the classes of employment covered thereby. This is a further illustration of the impracticability of reconciling the use of budgets in fixing wages with the demands for uniform or standardized rates of pay. A simple illustration of this fallacy was supplied by a witness for the New York Central Telegraphers in the recent hearing before the Labor Board. That organization had very extensively used budgetary studies based upon the average family of five persons and attempted to show how much the employees had been underpaid, comparing their wages with such budgets. The witness introduced an exhibit which included 200 em-

ployees. Of this number, 196 showed their dependents—

22	had	1
26	"	2
52	"	3
29	"	4
8	"	5
4	"	6
3	"	7
1	"	10

The average size of the families was 3.77 persons, yet they contended for wages based upon the requirements of a family consisting of two adults and three children. This exhibit also showed what is generally known, that is, that some families can save money on incomes which leave other families in debt (151 of the 200 had saved money, 18 broke even and 31 had deficits), and that some families with greatest incomes get into debt the heaviest. My view is that the only sound and wise basis for compensation must spring from the economic value of the services rendered; that so long as human beings remain different from each other, so long as their tastes, ambitions and requirements are dissimilar and so long as families are varying in size, it seems utterly fallacious to attempt to fix wages on the basis of the individual social responsibilities of the wage earners, particularly when those social responsibilities are attempted to be averaged to an average that does not exist. The persistent use of these budgets is an indication of the growing tendencies toward paternalistic theories, and of the opinions held by certain schools that if an industry cannot meet such bases of costs, and it is a public necessity, the public should make up the difference. It is not my understanding that we have that form of government. As practical men, we have all doubtless learned that we must act upon conditions as we find them—not as we might like them to be. We are all men engaged in practical problems, seeking ways and means for solving them along practical lines, and, regardless of representations to the contrary, are honestly and conscientiously endeavoring to find solutions in spirit of the Transportation Act, which requires that the wages of these employees shall be just and reasonable.

**END OF  
TITLE**